



BILLING CODE: 921103

MILLENNIUM CHALLENGE CORPORATION

MCC 12-04

Report on Countries That Are Candidates for Millennium Challenge Account Eligibility in Fiscal Year 2012 and Countries That Would Be Candidates But For Legal Prohibitions

AGENCY: Millennium Challenge Corporation

ACTION: Notice

SUMMARY: Section 608(d) of the Millennium Challenge Act of 2003 (the “Act”) requires the Millennium Challenge Corporation to publish a report that identifies countries that are “candidate countries” for Millennium Challenge Account assistance during FY 2012. In December 2011, Congress enacted changes in MCC’s FY 2012 appropriation that redefined candidate countries for FY 2012 as part of the Consolidated Appropriations Act, 2012 (Pub. L. 112-74) (the “Appropriations Act”).¹ While this does not affect the compact or threshold program eligibility decisions made at the December 2011 MCC Board meeting, it does alter the income classification of some candidate countries. As such, it is necessary for MCC to revise its FY 2012 Candidate Country Report. This revised report incorporates the new definitions and the subsequent reclassification of countries. The report is set forth in full below and updates the report published November 8, 2011 (76 Fed. Reg. 69291).

Dated: March 26, 2012

Melvin F. Williams, Jr.
VP/General Counsel and Corporate Secretary
Millennium Challenge Corporation

¹ The changes to the Act enacted in the Appropriations Act only apply to the FY 2012 selection process. The relevant language would need to be included in next year’s appropriations act or in an amendment to the Act in order for these changes to continue beyond FY 2012.

BILLING CODE 921103

Report on Countries that are Candidates for Millennium Challenge Account Eligibility for Fiscal Year 2012 and Countries that would be Candidates but for Legal Prohibitions

Summary

This report to Congress is provided in accordance with section 608(a) of the Millennium Challenge Act of 2003, as amended, 22 U.S.C. §§7701, 7707(a) (the “Act”).

The Act authorizes the provision of Millennium Challenge Account (MCA) assistance for countries that enter into a Millennium Challenge Compact with the United States to support policies and programs that advance the progress of such countries to achieve lasting economic growth and poverty reduction. The Act requires the Millennium Challenge Corporation (MCC) to take a number of steps in selecting countries with which MCC will seek to enter into a compact, including (a) determining the countries that will be eligible for MCA assistance for fiscal year 2012 (FY 2012) based on a country’s demonstrated commitment to (i) just and democratic governance, (ii) economic freedom, and (iii) investments in its people; and (b) considering the opportunity to reduce poverty and generate economic growth in the country. These steps include the submission of reports to the congressional committees specified in the Act and the publication of notices in the *Federal Register* that identify:

The countries that are “candidate countries” for MCA assistance for FY 2012 based on their per capita income levels and their eligibility to receive assistance under U.S. law and countries that would be candidate countries but for specified legal prohibitions on assistance (section 608(a) of the Act);

The criteria and methodology that the MCC Board of Directors (Board) will use to measure and evaluate the relative policy performance of the “candidate countries” consistent with the requirements of subsections (a) and (b) of section 607 of the Act in order to determine “MCA eligible countries” from among the “candidate countries” (section 608(b) of the Act); and

The list of countries determined by the Board to be “MCA eligible countries” for FY 2012, identification of such countries with which the Board will seek to enter into compacts, and a justification for such eligibility determination and selection for compact negotiation (section 608(d) of the Act).

This report is the first of three required reports listed above. This report was initially published in September 2011. In December 2011, Congress enacted changes in MCC’s FY 2012 appropriation that redefined candidate countries for FY 2012 as part of the Consolidated Appropriations Act, 2012 (Pub. L. 112-74) (the “Appropriations Act”).² While this does not affect the compact or threshold program eligibility decisions made at the December 2011 MCC Board meeting, it does alter the income classification of some candidate countries. As such, it is

² The changes to the Act enacted in the Appropriations Act only apply to the FY 2012 selection process. The relevant language would need to be included in next year’s appropriations act or in an amendment to the Act in order for these changes to continue beyond FY 2012.

necessary for MCC to revise its FY 2012 Candidate Country Report. This revised report incorporates the new definitions and the subsequent reclassification of countries.

Candidate Countries for FY 2012

The Act requires the identification of all countries that are candidates for MCA assistance for FY 2012 and the identification of all countries that would be candidate countries but for specified legal prohibitions on assistance. Due to provisions in the Appropriations Act, the FY 2012 candidate pool must be structured differently than in past years. The new provisions define low income as the 75 poorest countries and provide for gradual graduation from the low income to lower middle income category. This year's newly-issued candidate list will establish the baseline of those countries for purposes of determining income levels. The provisions of the Appropriations Act that supplant Sections 606 (a) and (b) of the Act provide that for FY 2012, a country shall be a candidate for MCA assistance if it:

Meets one of the following tests:

Has a per capita income that is not greater than the World Bank's lower middle income country threshold for such fiscal year (\$3,975 GNI per capita for FY12); and is among the 75 lowest per capita income countries, as identified by the World Bank; or

Has a per capita income that is not greater than the World Bank's lower middle income country threshold for such fiscal year (\$3,975 GNI per capita for FY12); but is not among the 75 lowest per capita income countries as identified by the World Bank;

and

Is not ineligible to receive U.S. economic assistance under part I of the Foreign Assistance Act of 1961, as amended, (the "Foreign Assistance Act"), by reason of the application of the Foreign Assistance Act or any other provision of law.

Pursuant to section 606(c) of the Act, the Board identified the following countries as candidate countries under the Act for FY 2012 at its March 22, 2012 meeting. In so doing, the Board referred to the prohibitions on assistance as applied to countries in the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012 (SFOAA), Pub. L. 112-74, Div. I. All section references identified as prohibitions on assistance to a given country are taken from Title VII of the FY 2012 SFOAA, unless another statute is identified.

[FR Doc. 2012-7607 Filed 03/29/2012 at 8:45 am; Publication Date: 03/30/2012]